

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Long Lake	County Grand Traverse
Fiscal Year End June 30, 2007	Opinion Date September 28, 2007	Date Audit Report Submitted to State October 10, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707		License Number 1885282	
Authorizing CPA Signature 		Printed Name Mark J. Campbell	

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

September 28, 2007

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan


We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Township of Long Lake, Grand Traverse County, Michigan as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Long Lake's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Township of Long Lake, Grand Traverse County, Michigan as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

The Management's Discussion and Analysis report of the Township of Long Lake covers the Township's financial performance during the year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at June 30, 2007, totaled \$2,414,065.89 for governmental activities and \$111,235.17 for business activities. Overall net assets increased \$393,732.83.

Overall revenues were \$1,579,718.79 (\$1,565,426.30 from governmental activities and \$14,292.49 from business-type activities).

Taxable value was \$352,393,680.00.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities and business-type activities. These include the General Fund, Fire and Safety Fund, Natural Areas Construction Fund, Gypsy Moth Fund, Public Improvement Fund, Metro Act Fund, Budget Stabilization Fund, Fire Suppression Water Supply Fund, Retiree Insurance Fund, Long Lake Peninsula Fund, Old Mill Drive Fund, Natural Areas Millage Fund, Library Building Fund and Manhattan Duplex Fund.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan
CONDENSED FINANCIAL INFORMATION
June 30, 2007

	Governmental Activities 2006	Governmental Activities 2007	Business-type Activities 2006	Business-type Activities 2007	Total 2006	Total 2007
Current Assets	899 137 00	1 150 143 00	18 691 00	23 701 00	917 828 00	1 173 844 00
Capital Assets	<u>1 183 814 00</u>	<u>1 829 564 00</u>	<u>91 901 00</u>	<u>87 534 00</u>	<u>1 275 715 00</u>	<u>1 917 098 00</u>
Total Assets	2 082 951 00	2 979 707 00	110 592 00	111 235 00	2 193 543 00	3 090 942 00
Current Liabilities	28 446 00	10 641 00	625 00	-	29 071 00	10 641 00
Non-current Liabilities	<u>-</u>	<u>555 000 00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555 000 00</u>
Total Liabilities	28 446 00	565 641 00	625 00	-	29 071 00	565 641 00
Net Assets:						
Invested in Capital						
Assets	1 183 814 00	1 274 564 00	91 901 00	87 534 00	1 275 715 00	1 362 098 00
Unrestricted	<u>870 691 00</u>	<u>1 139 502 00</u>	<u>18 066 00</u>	<u>23 701 00</u>	<u>888 757 00</u>	<u>1 163 203 00</u>
Total Net Assets	<u>2 054 505 00</u>	<u>2 414 066 00</u>	<u>109 967 00</u>	<u>111 235 00</u>	<u>2 164 472 00</u>	<u>2 525 301 00</u>
	Governmental Activities 2006	Governmental Activities 2007	Business-type Activities 2006	Business-type Activities 2007	Total 2006	Total 2007
Program Revenues:						
Fees and Charges for services	130 778 00	235 066 00	13 850 00	13 400 00	144 628 00	248 466 00
Operating Grants and Contributions	13 570 00	-	-	-	13 570 00	-
General Revenues:						
Property Taxes	594 763 00	701 110 00	-	-	594 763 00	701 110 00
State:						
Revenue Sharing	554 153 00	531 703 00	-	-	554 153 00	531 703 00
Interest	31 546 00	56 817 00	410 00	892 00	31 956 00	57 709 00
Miscellaneous	<u>260 539 00</u>	<u>40 730 00</u>	<u>-</u>	<u>-</u>	<u>260 539 00</u>	<u>40 730 00</u>
Total Revenues	<u>1 585 349 00</u>	<u>1 565 426 00</u>	<u>14 260 00</u>	<u>14 292 00</u>	<u>1 599 609 00</u>	<u>1 579 718 00</u>
Program Expenses:						
General Government and Administration	755 971 00	478 494 00	16 269 00	13 024 00	772 240 00	491 518 00
Public Safety	709 447 00	409 776 00	-	-	709 447 00	409 776 00
Public Works	15 765 00	19 753 00	-	-	15 765 00	19 753 00
Recreation and Culture	99 350 00	58 017 00	-	-	99 350 00	58 017 00
Other	<u>-</u>	<u>205 653 00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205 653 00</u>
Total Expenses	<u>1 580 533 00</u>	<u>1 171 693 00</u>	<u>16 269 00</u>	<u>13 024 00</u>	<u>1 596 802 00</u>	<u>1 184 717 00</u>
Increase in Net Assets Before Transfers	4 816 00	393 733 00	(2 009 00)	1 268 00	2 807 00	395 001 00
Transfers	<u>881 00</u>	<u>-</u>	<u>(881 00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	5 697 00	393 733 00	(2 890 00)	1 268 00	2 807 00	395 001 00
Net Assets, July 1	<u>2 048 808 00</u>	<u>2 020 333 00</u>	<u>112 857 00</u>	<u>109 967 00</u>	<u>2 161 665 00</u>	<u>2 130 300 00</u>
Net Assets, June 30	<u>2 054 505 00</u>	<u>2 414 066 00</u>	<u>109 967 00</u>	<u>111 235 00</u>	<u>2 164 472 00</u>	<u>2 525 301 00</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2007

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: Some of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, Fire and Safety Fund, Natural Areas Construction Fund, Gypsy Moth Fund, Public Improvement Fund, Metro Act Fund, Budget Stabilization Fund, Fire Suppression Water Supply Fund, Retiree Insurance Fund, Long Lake Peninsula Fund, Old Mill Drive Fund, Natural Areas Millage Fund and Library Building Fund.

Business-Type Funds: The Township has a Manhattan Duplex Fund which includes the activity of operating the duplex.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our financial position in both the governmental and business-type activities remains strong.

Our external debt includes nineteen years remaining with \$555,000.00 outstanding bonds sold to finance purchase of natural areas.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund is the main governmental fund of the Township. For the fiscal year ended June 30, 2007, the General Fund had revenue of \$1,060,427.15, expenses of \$837,857.18 and increase in fund balance of \$220,956.34. The other governmental funds had revenue \$505,004.15, bond proceeds of \$555,000.00, expenses of \$979,585.72 and increase in fund balances of \$82,027.06.

The Manhattan Duplex Fund had revenue of \$14,292.49, expenses of \$13,024.69 and an increase in net assets of \$1,267.80.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities received \$555,000.00 of principal on long-term debt.

The Townships governmental activities invested \$684,115.91 in capital assets.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our taxpayers, creditors, investors and customers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Karen Rosa, at 8870 North Long Lake Road, Traverse City, MI 49684.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
CURRENT ASSETS:			
Cash in bank	562 927 32	3 220 51	566 147 83
Investments	584 283 83	20 480 50	604 764 33
Petty cash	400 00	-	400 00
Accounts receivable	<u>2 532 11</u>	<u>-</u>	<u>2 532 11</u>
Total Current Assets	<u>1 150 143 26</u>	<u>23 701 01</u>	<u>1 173 844 27</u>
NON-CURRENT ASSETS:			
Capital Assets	2 301 054 14	129 184 24	2 430 238 38
Less: Accumulated Depreciation	<u>(471 490 48)</u>	<u>(41 650 08)</u>	<u>(513 140 56)</u>
Total Non-current Assets	<u>1 829 563 66</u>	<u>87 534 16</u>	<u>1 917 097 82</u>
TOTAL ASSETS	<u>2 979 706 92</u>	<u>111 235 17</u>	<u>3 090 942 09</u>
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	<u>10 641 03</u>	<u>-</u>	<u>10 641 03</u>
Total Current Liabilities	<u>10 641 03</u>	<u>-</u>	<u>10 641 03</u>
NON-CURRENT LIABILITIES:			
Bonds payable	<u>555 000 00</u>	<u>-</u>	<u>555 000 00</u>
Total Non-current Liabilities	<u>555 000 00</u>	<u>-</u>	<u>555 000 00</u>
Total Liabilities	<u>565 641 03</u>	<u>-</u>	<u>565 641 03</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1 274 563 66	87 534 16	1 362 097 82
Unrestricted	<u>1 139 502 23</u>	<u>23 701 01</u>	<u>1 163 203 24</u>
Total Net Assets	<u>2 414 065 89</u>	<u>111 235 17</u>	<u>2 525 301 06</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2 979 706 92</u>	<u>111 235 17</u>	<u>3 090 942 09</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2007

		<u>Program Revenue</u>	<u>Governmental Activities</u>
			Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Charges for Services</u>	
Governmental Activities:			
Legislative	126 206 67	-	(126 206 67)
General government	352 287 59	231 568 40	(120 719 19)
Public safety	409 775 78	-	(409 775 78)
Public works	19 753 57	3 497 70	(16 255 87)
Culture and recreation	58 016 97	-	(58 016 97)
Other	<u>205 652 89</u>	<u>-</u>	<u>(205 652 89)</u>
Total Governmental Activities	<u>1 171 693 47</u>	<u>235 066 10</u>	<u>(936 627 37)</u>
Business-Type Activities:			
Building and grounds	<u>13 024 69</u>	<u>13 400 00</u>	<u>-</u>
Total Business-Type Activities	<u>13 024 69</u>	<u>13 400 00</u>	<u>-</u>
Total Primary Government	<u>1 184 718 16</u>	<u>248 466 10</u>	<u>(936 627 37)</u>
General Revenues:			
Property taxes			699 443 43
Other taxes			1 666 96
State revenue sharing			531 702 47
Interest			56 817 46
Miscellaneous			<u>40 729 88</u>
Total General Revenues			<u>1 330 360 20</u>
Change in net assets			393 732 83
Net assets, beginning of year			<u>2 020 333 06</u>
Net assets, End of Year			<u>2 414 065 89</u>

The accompanying notes are an integral part of these financial statements.

<u>Business-Type Activities</u>	<u>Total</u>
<u>Net (Expense) Revenue and Changes in Net Assets</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
-	(126 206 67)
-	(120 719 19)
-	(409 775 78)
-	(16 255 87)
-	(58 016 97)
<u>-</u>	<u>(205 652 89)</u>
-	(936 627 37)
<u>375 31</u>	<u>375 31</u>
<u>375 31</u>	<u>375 31</u>
<u>375 31</u>	<u>(936 252 06)</u>
-	699 443 43
-	1 666 96
-	531 702 47
892 49	57 709 95
<u>-</u>	<u>40 729 88</u>
<u>892 49</u>	<u>1 331 252 69</u>
1 267 80	395 000 63
<u>109 967 37</u>	<u>2 130 300 43</u>
<u>111 235 17</u>	<u>2 525 301 06</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2007

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	235 030 87	529 78	5 733 54	319 152 10
Investments	366 025 26	130 565 39	-	87 693 18
Petty cash	400 00	-	-	-
Accounts receivable	2 532 11	-	-	-
Due from other funds	<u>2 481 03</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>606 469 27</u>	<u>131 095 17</u>	<u>5 733 54</u>	<u>406 845 28</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	<u>10 641 03</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10 641 03</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>595 828 24</u>	<u>131 095 17</u>	<u>5 733 54</u>	<u>406 845 28</u>
Total fund equity	<u>595 828 24</u>	<u>131 095 17</u>	<u>5 733 54</u>	<u>406 845 28</u>
Total Liabilities and Fund Equity	<u>606 469 27</u>	<u>131 095 17</u>	<u>5 733 54</u>	<u>406 845 28</u>

The accompanying notes are an integral part of these financial statements.

Total

560 446 29
584 283 83
400 00
2 532 11
2 481 03
1 150 143 26

10 641 03
10 641 03

1 139 502 23
1 139 502 23
1 150 143 26

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 139 502 23
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	2 301 054 14
Accumulated depreciation	(471 490 48)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	<u>(555 000 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>2 414 065 89</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
Revenues:				
Property taxes	244 452 73	292 983 51	-	162 007 19
Other taxes	1 666 96	-	-	-
Licenses and permits	96 350 26	-	-	-
State revenue sharing	520 282 00	-	-	11 420 47
Charges for services – PTAF	124 509 32	-	-	-
Charges for services – other	10 708 82	-	-	-
Interest	49 171 69	4 688 21	374 10	2 583 46
Special assessments	980 00	-	-	2 517 70
Miscellaneous	12 300 37	-	-	28 429 51
Total revenues	<u>1 060 422 15</u>	<u>297 671 72</u>	<u>374 10</u>	<u>206 958 33</u>
Expenditures:				
Legislative:				
Township Board	126 206 67	-	-	-
General government:				
Supervisor	46 171 22	-	-	-
Elections	9 108 26	-	-	-
Assessor	52 352 20	-	-	-
Clerk	54 758 17	-	-	-
Board of Review	825 00	-	-	-
Treasurer	50 789 92	-	-	-
Building and grounds	105 184 13	-	-	595 00
Senior center	10 439 29	-	-	-
Cemetery	3 411 70	-	-	-
Other governmental	1 521 00	-	-	-
Public safety:				
Police department	-	64 934 00	-	-
Fire department	3 788 83	211 154 25	-	-
Planning and zoning	110 840 72	-	-	-
Public works:				
Street lights	4 561 98	-	-	-
Water	15 191 59	-	-	-
Culture and recreation:				
Parks and recreation	55 422 58	-	-	-
Historical	417 59	-	-	-
Other:				
Insurance	116 370 53	-	-	-
Pension	41 895 02	-	-	-
Longevity pay	1 678 62	-	-	-
Payroll taxes	26 922 16	-	-	-
Bond issue costs	-	-	18 786 56	-
Capital outlay	<u>-</u>	<u>30 000 00</u>	<u>530 854 00</u>	<u>123 261 91</u>
Total expenditures	<u>837 857 18</u>	<u>306 088 25</u>	<u>549 640 56</u>	<u>123 856 91</u>
Excess (deficiency) of revenues over expenditures	<u>222 564 97</u>	<u>(8 416 53)</u>	<u>(549 266 46)</u>	<u>83 101 42</u>

The accompanying notes are an integral part of these financial statements.

Total

699 443 43
1 666 96
96 350 26
531 702 47
124 509 32
10 708 82
56 817 46
3 497 70
40 729 88

1 565 426 30

126 206 67

46 171 22
9 108 26
52 352 20
54 758 17
825 00
50 789 92
105 779 13
10 439 29
3 411 70
1 521 00

64 934 00
214 943 08
110 840 72

4 561 98
15 191 59

55 422 58
417 59

116 370 53
41 895 02
1 678 62
26 922 16
18 786 56
684 115 91

1 817 442 90

(252 016 60)

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2007

	<u>General</u>	<u>Fire and Safety</u>	<u>Natural Areas Construction</u>	<u>Other Funds</u>
Other financing sources (uses):				
Bond proceeds	-	-	555 000 00	-
Operating transfers in	8 391 37	-	-	10 000 00
Operating transfers out	<u>(10 000 00)</u>	<u>-</u>	<u>-</u>	<u>(8 391 37)</u>
Total other financing sources (uses)	<u>(1 608 63)</u>	<u>-</u>	<u>555 000 00</u>	<u>1 608 63</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	220 956 34	(8 416 53)	5 733 54	84 710 05
Fund balances, July 1	<u>374 871 90</u>	<u>139 511 70</u>	<u>-</u>	<u>322 135 23</u>
Fund Balances, June 30	<u><u>595 828 24</u></u>	<u><u>131 095 17</u></u>	<u><u>5 733 54</u></u>	<u><u>406 845 28</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Total</u>
555 000 00
18 391 37
<u>(18 391 37)</u>
<u>555 000 00</u>

302 983 40
<u>836 518 83</u>
<u>1 139 502 23</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	302 983 40
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(38 366 48)
Capital Outlay	684 115 91
Receipt of debt proceeds is a financing source in the governmental funds, the receipt does not have an effect in the statement of activities but does increase the debt balance in the statement of net assets	
Bond proceeds	<u>(555 000 00)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>393 732 83</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF NET ASSETS – ALL PROPRIETARY FUNDS
June 30, 2007

	Enterprise (Manhattan Duplex)
<u>Assets</u>	
Current Assets:	
Cash in bank	3 220 51
Investments	<u>20 480 50</u>
Total Current Assets	<u>23 701 01</u>
Non-current Assets	
Capital Assets	129 184 24
Less: Accumulated Depreciation	<u>(41 650 08)</u>
Total Non-current Assets	<u>87 534 16</u>
Total Assets	<u><u>111 235 17</u></u>
<u>Liabilities and Net Assets</u>	
Liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net assets:	
Invested in capital assets, net of related debt	87 534 16
Unrestricted	<u>23 701 01</u>
Total net assets	<u><u>111 235 17</u></u>
Total Liabilities and Net Assets	<u><u>111 235 17</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
ALL PROPRIETARY FUNDS
Year ended June 30, 2007

	Enterprise (Manhattan Duplex)
Operating revenues:	
Rental income	<u>13 400 00</u>
Total operating revenues	<u>13 400 00</u>
Operating expenses:	
Building and grounds:	
Supplies	2 983 34
Repairs and maintenance	2 738 09
Property taxes	<u>2 935 90</u>
Total operating expenses before depreciation	<u>8 657 33</u>
Operating income before depreciation	4 742 67
Less depreciation	<u>(4 367 36)</u>
Operating income (loss)	<u>(375 31)</u>
Non-operating income (expense):	
Interest earnings	<u>892 49</u>
Net non-operating income (expense)	<u>892 49</u>
Net income (loss)	1 267 80
Net assets, beginning of year	<u>109 967 37</u>
Net Assets, End of Year	<u><u>111 235 17</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUNDS
Year ended June 30, 2007

	Enterprise (Manhattan Duplex)
Cash flows from operating activities:	
Cash received from customers	13 400 00
Cash payments to suppliers for goods and services	<u>(9 282 33)</u>
Net cash provided (used) for operating activities	<u>4 117 67</u>
Cash flows from investing activities:	
Interest income	<u>892 49</u>
Net cash provided (used) for investing activities	<u>892 49</u>
Net increase (decrease) in cash	5 010 16
Cash beginning of year	<u>18 690 85</u>
Cash End of Year	<u><u>23 701 01</u></u>
Reconciliation of operating income to net cash provided (used) for operating activities:	
Operating income (loss)	375 31
Depreciation	4 367 36
Increase (decrease) in assets and liabilities:	
Accounts payable	<u>(625 00)</u>
Net Cash Provided (Used) for Operating Activities	<u><u>4 117 67</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Long Lake, Grand Traverse County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Long Lake. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. Proprietary fund type operating statements present revenues and expenses in net total assets. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital assets other than those financed by proprietary fund operations and special assessments.

Proprietary Fund - Enterprise Fund

The Enterprise Fund reports operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

Fiduciary Fund

The Current Tax Collection Fund and the Trust and Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

All purchases of materials are reflected in expenses when paid in all funds.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 1.9837 mills, and the taxable value was \$352,393,680.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-25 years
Furniture and equipment	5-10 years

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to defer accumulated vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 3 – Deposits and Investments (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>572,147.83</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	546,423.50
Uninsured and Uncollateralized	<u>100,559.81</u>
Total Deposits	<u>646,983.31</u>

The Township had the following investments at June 30, 2007:

Nonrisk-categorized financial institution pooled funds	247,670.01
Mutual funds	206,936.37
U.S. Treasury and Agency notes rated AAA	<u>150,157.95</u>
Total	<u>604,764.33</u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization. The U.S. Treasury and Agency notes are rated AAA.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 3 – Deposits and Investments (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental and Business-Type activities for the current year was as follows:

	Balance 7/1/06	Additions	Deletions	Balance 6/30/07
<u>Governmental Activities:</u>				
Land and improvements	974 700 00	633 403 40	-	1 608 103 40
Buildings and improvements	502 538 45	50 712 51	-	553 250 96
Equipment	139 699 78	-	-	139 699 78
Total	1 616 938 23	684 115 91	-	2 301 054 14
Accumulated Depreciation	(433 124 00)	(38 366 48)	-	(471 490 48)
Net Governmental Capital Assets	1 183 814 23	645 749 43	-	1 829 563 66
<u>Business-Type Activities:</u>				
Land	20 000 00	-	-	20 000 00
Building	109 184 24	-	-	109 184 24
Total	129 184 24	-	-	129 184 24
Accumulated Depreciation	(37 282 72)	(4 367 36)	-	(41 650 08)
Net Business-Type Capital Assets	91 901 52	(4 367 36)	-	87 534 16

Note 5 – Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township Clerk and is available to all employees. The plan allows employees to defer a portion of their salary until a future date. It becomes available to the employee at death, termination, retirement or disability.

Note 6 – Pension Plan

The Township has a defined contribution pension plan covering all full-time Township employees. The Township contributes a percentage of each covered employee's wages to the plan. The net pension expense for the fiscal year ended June 30, 2007, was \$41,895.02.

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

For the year ended June 30, 2007, the Township had building permit revenues of \$8,315.00.

Note 9 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 7/1/06	Additions	Deductions	Balance 6/30/07
Bonds Payable	-	555 000 00	-	555 000 00
Total	-	555 000 00	-	555 000 00

Note 10 – Bonds Payable

On April 1, 2007, the Township sold bonds in the amount of \$555,000.00 to partially fund property acquisition. The scheduled principal payments are due on June 1, during each of the next nineteen years. The interest rate is 4.30%, per annum. The principal balance outstanding on June 30, 2007, was \$555,000.00.

Due Date	Principal Amount	Interest Amount	Total Amount
12/1/07		\$15 910 00	\$15 910 00
6/1/08	\$10 000 00	11 932 50	21 932 50
12/1/08		11 717 50	11 717 50
6/1/09	15 000 00	11 717 50	26 717 50
12/1/09		11 395 00	11 395 00
6/1/10	15 000 00	11 395 00	26 395 00
12/1/10		11 072 50	11 072 50
6/1/11	15 000 00	11 072 50	26 072 50
12/1/11		10 750 00	10 750 00
6/1/12	15 000 00	10 750 00	25 750 00
12/1/12		10 427 50	10 427 50
6/1/13	20 000 00	10 427 50	30 427 50
12/1/13		9 997 50	9 997 50
6/1/14	20 000 00	9 997 50	29 997 50
12/1/14		9 567 50	9 567 50
6/1/15	25 000 00	9 567 50	34 567 50
12/1/15		9 030 00	9 030 00
6/1/16	25 000 00	9 030 00	34 030 00
12/1/16		8 492 50	8 492 50
6/1/17	30 000 00	8 492 50	38 492 50
12/1/17		7 847 50	7 847 50
6/1/18	30 000 00	7 847 50	37 847 50
12/1/18		7 202 50	7 202 50
6/1/19	35 000 00	7 202 50	42 202 50

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
12/1/19		6 450 00	6 450 00
6/1/20	35 000 00	6 450 00	41 450 00
12/1/20		5 697 50	5 697 50
6/1/21	40 000 00	5 697 50	45 697 50
12/1/21		4 837 50	4 837 50
6/1/22	40 000 00	4 837 50	44 837 50
12/1/22		3 977 50	3 977 50
6/1/23	45 000 00	3 977 50	48 977 50
12/1/23		3 010 00	3 010 00
6/1/24	45 000 00	3 010 00	48 010 00
12/1/24		2 042 50	2 042 50
6/1/25	45 000 00	2 042 50	47 042 50
12/1/25		1 075 00	1 075 00
6/1/26	50 000 00	1 075 00	51 075 00
Totals	<u>\$555 000 00</u>	<u>\$297 022 50</u>	<u>\$852 022 50</u>

Note 11 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	351 47	Current Tax Collection	351 47
General	<u>2 129 56</u>	Trust and Agency	<u>2 129 56</u>
Total	<u>2 481 03</u>	Total	<u>2 481 03</u>

Note 12 – Interfund Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Retiree Insurance	10 000 00	General	10 000 00
General	<u>8 391 37</u>	Old Mill Drive	<u>8 391 37</u>
Total	<u>18 391 37</u>	Total	<u>18 391 37</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 13 – Budget Variances

For the fiscal year ended June 30, 2007, Township expenditures exceeded the budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund Activity:			
Senior center	9 100 00	10 439 29	1 339 29
Parks and recreation	53 445 00	55 422 58	1 977 58
Fire and Safety Fund Activity:			
Fire department	198 000 00	211 154 25	13 154 25
Fire Suppression Water Supply Fund Activity:			
Capital outlay	-	16 712 51	16 712 51

Note 14 - Restatements

An adjustment was made to restate the net assets of governmental activities at July 1, 2006 as follows:

Net Assets – June 30, 2006	\$2 054 505 00
Prior Period Restatement:	
Accounts receivable	(20 434 00)
Prepaid expenses	<u>(13 737 94)</u>
Adjusted Net Assets – July 1, 2006	<u>\$2 020 333 06</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	243 927 00	243 927 00	244 452 73	525 73
Other taxes	1 660 00	1 660 00	1 666 96	6 96
Licenses and permits	95 950 00	95 950 00	96 350 26	400 26
State revenue sharing	522 404 00	522 404 00	520 282 00	(2 122 00)
Charges for services:				
PTAF	124 649 00	124 649 00	124 509 32	(139 68)
Other	12 000 00	12 000 00	10 708 82	(1 291 18)
Interest	18 000 00	18 000 00	49 171 69	31 171 69
Special assessments	1 000 00	1 000 00	980 00	(20 00)
Miscellaneous	11 420 00	11 420 00	11 948 90	880 37
Total revenues	<u>1 031 010 00</u>	<u>1 031 010 00</u>	<u>1 060 070 68</u>	<u>29 412 15</u>
Expenditures:				
Legislative:				
Township Board	176 650 00	176 650 00	126 206 67	(50 443 33)
General government:				
Supervisor	47 980 00	47 980 00	46 171 22	(1 808 78)
Elections	13 500 00	13 500 00	9 108 26	(4 391 74)
Assessor	57 270 00	57 270 00	52 352 20	(4 917 80)
Clerk	56 170 00	56 170 00	54 758 17	(1 411 83)
Board of Review	1 000 00	1 000 00	825 00	(175 00)
Treasurer	55 970 00	55 970 00	50 789 92	(5 180 08)
Building and grounds	117 825 00	117 825 00	105 184 13	(12 640 87)
Senior center	9 100 00	9 100 00	10 439 29	1 339 29
Cemetery	5 000 00	5 000 00	3 411 70	(1 588 30)
Other governmental	4 000 00	4 000 00	1 521 00	(2 479 00)
Public safety:				
Police department	66 500 00	66 500 00	-	(66 500 00)
Fire department	236 600 00	236 600 00	3 788 83	(232 811 17)
Planning and zoning	142 700 00	142 700 00	110 840 72	(31 859 28)
Public works:				
Street lights	6 500 00	6 500 00	4 561 98	(1 938 02)
Water	15 800 00	15 800 00	15 191 59	(608 41)
Culture and recreation:				
Parks and recreation	53 445 00	53 445 00	55 422 58	1 977 58
Historical	1 600 00	1 600 00	417 59	(1 182 41)
Other:				
Insurance	130 000 00	130 000 00	116 370 53	(13 629 47)
Pension	43 000 00	43 000 00	41 895 02	(1 104 98)
Longevity pay	1 800 00	1 800 00	1 678 62	(121 38)
Payroll taxes	33 000 00	33 000 00	26 922 16	(6 077 84)
Contingency	38 600 00	38 600 00	-	(38 600 00)
Capital outlay	1 000 00	1 000 00	-	(1 000 00)
Total expenditures	<u>1 315 010 00</u>	<u>1 315 010 00</u>	<u>837 857 18</u>	<u>(477 152 82)</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Excess (deficiency) of revenues over expenditures	<u>(284 000 00)</u>	<u>(284 000 00)</u>	<u>222 213 50</u>	<u>506 564 97</u>
Other financing sources (uses):				
Operating transfers in	294 000 00	294 000 00	8 391 37	(285 608 63)
Operating transfers out	<u>(10 000 00)</u>	<u>(10 000 00)</u>	<u>(10 000 00)</u>	<u>-</u>
Total other financing sources (uses):	<u>284 000 00</u>	<u>284 000 00</u>	<u>1 608 63</u>	<u>(285 608 63)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	220 604 87	220 956 34
Fund balance, July 1	<u>342 276 00</u>	<u>342 276 00</u>	<u>374 871 90</u>	<u>32 595 90</u>
Fund Balance, June 30	<u>342 276 00</u>	<u>342 276 00</u>	<u>595 476 77</u>	<u>253 552 24</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE AND SAFETY FUND
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	294 000 00	294 000 00	292 983 51	(1 016 49)
Interest	-	-	4 688 21	4 688 21
Total revenues	<u>294 000 00</u>	<u>294 000 00</u>	<u>297 671 72</u>	<u>3 671 72</u>
Expenditures:				
Public safety:				
Police department	66 000 00	66 000 00	64 934 00	(1 066 00)
Fire department	198 000 00	198 000 00	211 154 25	13 154 25
Capital outlay	<u>30 000 00</u>	<u>30 000 00</u>	<u>30 000 00</u>	<u>-</u>
Total expenditures	<u>294 000 00</u>	<u>294 000 00</u>	<u>306 088 25</u>	<u>12 088 25</u>
Excess (deficiency) of revenues over expenditures	-	-	(8 416 53)	(8 416 53)
Fund balance, July 1	<u>138 808 00</u>	<u>138 808 00</u>	<u>139 511 70</u>	<u>703 70</u>
Fund Balance, June 30	<u>138 808 00</u>	<u>138 808 00</u>	<u>131 095 17</u>	<u>(7 712 83)</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Township Board:	
Wages	21 442 32
Audit	5 147 80
Contracted services	60 442 08
Memberships and dues	25 555 30
Education	3 363 42
Miscellaneous	10 255 75
	<u>126 206 67</u>
Supervisor:	
Wages	45 755 12
Travel	416 10
	<u>46 171 22</u>
Elections:	
Wages	7 165 86
Supplies	1 792 40
Repairs and maintenance	150 00
	<u>9 108 26</u>
Assessor:	
Wages	48 409 73
Contracted services	604 30
Supplies	1 941 00
Membership and dues	435 00
Education	465 59
Travel	496 58
	<u>52 352 20</u>
Clerk:	
Wages	54 042 13
Travel	716 04
	<u>54 758 17</u>
Board of Review:	
Wages	<u>825 00</u>
Treasurer:	
Wages	43 919 92
Contracted services	636 26
Supplies	5 633 62
Travel	600 12
	<u>50 789 92</u>
Building and grounds:	
Wages	36 185 18
Supplies	18 891 42
Utilities	11 227 26
Telephone	7 887 14
Repairs and maintenance	30 633 81
Travel	359 32
	<u>105 184 13</u>
Senior Center:	
Wages	3 993 00
Contracted services	5 467 90
Supplies	978 39
	<u>10 439 29</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended June 30, 2007

Cemetery:	
Wages	538 51
Contracted services	150 00
Utilities	260 36
Repairs and maintenance	2 301 57
Miscellaneous	161 26
	<u>3 411 70</u>
Other governmental:	
Repairs and maintenance	<u>1 521 00</u>
Fire department:	
Wages	1 053 02
Contracted services	1 000 00
Repairs and maintenance	1 554 25
Travel	181 56
	<u>3 788 83</u>
Planning and zoning:	
Wages	68 415 77
Contracted services	40 460 79
Education	1 454 20
Travel	269 96
Miscellaneous	240 00
	<u>110 840 72</u>
Highways and streets:	
Street lighting	<u>4 561 98</u>
Water:	
Contracted services	<u>15 191 59</u>
Parks and recreation:	
Wages	31 651 45
Contracted services	3 279 09
Supplies	421 60
Utilities	201 52
Repairs and maintenance	19 868 92
	<u>55 422 58</u>
Historical	<u>417 59</u>
Insurance	<u>116 370 53</u>
Pension	<u>41 895 02</u>
Longevity pay	<u>1 678 62</u>
Payroll taxes	<u>26 922 16</u>
Total Expenditures	<u><u>837 857 18</u></u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	<u>Gypsy Moth</u>	<u>Public Improvement</u>	<u>Metro Act</u>	<u>Budget Stabilization</u>	<u>Fire Suppression Water Supply</u>
<u>Assets</u>					
Cash in bank	5 123 90	90 439 50	44 283 90	87 200 00	10 807 65
Investments	-	-	-	-	-
Total Assets	<u>5 123 90</u>	<u>90 439 50</u>	<u>44 283 90</u>	<u>87 200 00</u>	<u>10 807 65</u>
<u>Liabilities and Fund Equity</u>					
Liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:					
Fund balances:					
Unreserved:					
Undesignated	5 123 90	90 439 50	44 283 90	87 200 00	10 807 65
Total fund equity	<u>5 123 90</u>	<u>90 439 50</u>	<u>44 283 90</u>	<u>87 200 00</u>	<u>10 807 65</u>
Total Liabilities and Fund Equity	<u>5 123 90</u>	<u>90 439 50</u>	<u>44 283 90</u>	<u>87 200 00</u>	<u>10 807 65</u>

<u>Retiree Insurance</u>	<u>Long Lake Peninsula</u>	<u>Old Mill Drive</u>	<u>Natural Areas Millage</u>	<u>Library Building</u>	<u>Total</u>
60 000 00	937 36	-	10 204 12	10 155 67	319 152 10
-	-	-	49 327 57	38 365 61	87 693 18
<u>60 000 00</u>	<u>937 36</u>	<u>-</u>	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>60 000 00</u>	<u>937 36</u>	<u>-</u>	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>
<u>60 000 00</u>	<u>937 36</u>	<u>-</u>	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>
<u>60 000 00</u>	<u>937 36</u>	<u>-</u>	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL NONMAJOR GOVERNEMENTAL FUNDS
Year ended June 30, 2007

	<u>Gypsy Moth</u>	<u>Public Improvement</u>	<u>Metro Act</u>	<u>Budget Stabilization</u>	<u>Fire Suppression Water Supply</u>
Revenues:					
Property taxes	-	-	-	-	-
State revenue sharing	-	-	11 420 47	-	-
Interest	20 32	-	-	-	20 16
Special assessments	-	-	-	-	-
Miscellaneous	-	-	-	-	27 500 00
Total revenues	<u>20 32</u>	<u>-</u>	<u>11 420 47</u>	<u>-</u>	<u>27 520 16</u>
Expenditures:					
Building and grounds	-	-	-	-	-
Capital outlay	-	4 000 00	-	-	16 712 51
Total expenditures	<u>-</u>	<u>4 000 00</u>	<u>-</u>	<u>-</u>	<u>16 712 51</u>
Excess (deficiency) of revenues over expenditures	<u>20 32</u>	<u>(4 000 00)</u>	<u>11 420 47</u>	<u>-</u>	<u>10 807 65</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>20 32</u>	<u>(4 000 00)</u>	<u>11 420 47</u>	<u>-</u>	<u>10 807 65</u>
Fund balances, July 1	<u>5 103 58</u>	<u>94 439 50</u>	<u>32 863 43</u>	<u>87 200 00</u>	<u>-</u>
Fund Balances, June 30	<u>5 123 90</u>	<u>90 439 50</u>	<u>44 283 90</u>	<u>87 200 00</u>	<u>10 807 65</u>

<u>Retiree Insurance</u>	<u>Long Lake Peninsula</u>	<u>Old Mill Drive</u>	<u>Natural Areas Millage</u>	<u>Library Building</u>	<u>Total</u>
-	-	-	162 007 19	-	162 007 19
-	-	-	-	-	11 420 47
-	7 85	21 28	668 90	1 844 95	2 583 46
-	-	2 517 70	-	-	2 517 70
-	<u>929 51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28 429 51</u>
<u>-</u>	<u>937 36</u>	<u>2 538 98</u>	<u>162 676 09</u>	<u>1 844 95</u>	<u>206 958 33</u>
-	-	-	595 00	-	595 00
-	-	-	<u>102 549 40</u>	-	<u>123 261 91</u>
-	-	-	103 144 40	-	123 856 91
-	<u>937 36</u>	<u>2 538 98</u>	<u>59 531 69</u>	<u>1 844 95</u>	<u>83 101 42</u>
10 000 00	-	-	-	-	10 000 00
-	-	(8 391 37)	-	-	(8 391 37)
<u>10 000 00</u>	<u>-</u>	<u>(8 391 37)</u>	<u>-</u>	<u>-</u>	<u>1 608 63</u>
10 000 00	937 36	(5 852 39)	59 531 69	1 844 95	84 710 05
<u>50 000 00</u>	<u>-</u>	<u>5 852 39</u>	<u>-</u>	<u>46 676 33</u>	<u>322 135 23</u>
<u>60 000 00</u>	<u>937 36</u>	<u>-</u>	<u>59 531 69</u>	<u>48 521 28</u>	<u>406 845 28</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS
Year ended June 30, 2007

	<u>Balance 7/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/07</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in bank	82 59	10 107 183 28	10 106 914 40	351 47
Total Assets	<u>82 59</u>	<u>10 107 183 28</u>	<u>10 106 914 40</u>	<u>351 47</u>
<u>Liabilities</u>				
Due to other funds	82 59	755 828 71	755 559 83	351 47
Due to others	-	9 351 354 57	9 351 354 57	-
Total Liabilities	<u>82 59</u>	<u>10 107 183 28</u>	<u>10 106 914 40</u>	<u>351 47</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>8 097 26</u>	<u>2 731 30</u>	<u>2 699 00</u>	<u>8 129 56</u>
<u>Liabilities</u>				
Due to other funds	2 097 26	448 80	416 50	2 129 56
Due to others	<u>6 000 00</u>	<u>2 282 50</u>	<u>2 282 50</u>	<u>6 000 00</u>
Total Liabilities	<u>8 097 26</u>	<u>3 731 30</u>	<u>2 699 00</u>	<u>8 129 56</u>
<u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in bank	8 179 85	10 109 914 58	10 109 613 40	8 481 03
Total Assets	<u>8 179 85</u>	<u>10 109 914 58</u>	<u>10 109 613 40</u>	<u>8 481 03</u>
<u>Liabilities</u>				
Due to other funds	2 179 85	756 277 51	755 976 33	2 481 03
Due to others	<u>6 000 00</u>	<u>9 353 637 07</u>	<u>9 353 637 07</u>	<u>6 000 00</u>
Total Liabilities	<u>8 179 85</u>	<u>10 109 914 58</u>	<u>10 109 613 40</u>	<u>8 481 03</u>

TOWNSHIP OF LONG LAKE
Grand Traverse County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended June 30, 2007

Cash in bank – beginning of year	<u>82 59</u>
Cash receipts:	
Property tax	<u>10 107 183 28</u>
Total cash receipts	<u>10 107 183 28</u>
Total beginning balance and cash receipts	<u>10 107 265 87</u>
Cash disbursements:	
Grand Traverse County	4 112 376 15
Traverse Bay Area ISD	1 001 037 83
Northwestern Michigan	975 683 44
Traverse City Area Public Schools	2 731 874 09
Traverse Area District Library	363 368 71
Bay Area Transportation Authority	109 275 42
Township General Fund	328 061 13
Township Fire and Safety Fund	273 942 81
Township Natural Areas Millage Fund	151 541 73
Township Old Mill Drive Fund	2 014 16
Refunds	<u>57 738 93</u>
Total cash disbursements	<u>10 106 914 40</u>
Cash in Bank – End of Year	<u>351 47</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

September 28, 2007

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan

We have audited the financial statements of the Township of Long Lake for the year ended June 30, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Long Lake in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Long Lake
Grand Traverse County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

BUDGET VARIANCES

For the fiscal year ended June 30, 2007, Township expenditures exceeded the budgeted amounts in several activities.

We recommend that the Township Board adopt and amend the budgets in compliance with State law.

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated June 30, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants